

**OROVILLE-TONASKET IRRIGATION DISTRICT**  
**Okanogan County, Washington**  
**January 1, 1992 Through December 31, 1993**

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**Schedule Of Federal Findings**

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1. The District Should Work To Resolve The Dispute Over Its Repayment Contract With The United States Department Of The Interior, Bureau Of Reclamation

The Oroville-Tonasket Irrigation District entered into a repayment contract with the Bureau of Reclamation (Contract No. 0-07-10-W0242) on November 28, 1979. This money was made available from Rehabilitation and Betterment Loan funds (CFDA 15.502). The district declined to make the 1991, 1992, or the 1993 payments and has not made the 1994 payment which was due on June 15, 1994, for the reasons set forth below.

The contract requires repayment of a portion of the construction costs in fifty annual installments to begin in the year after the Bureau determines that the project is "substantially complete." The contract defines "substantial completion" as "operational and capable of delivering water." The Bureau notified the district on October 18, 1990, that the project was substantially complete and that payment would begin in 1991.

The district has not accepted the project and disputes that the system is substantially complete. The district is using the system, but has experienced serious operational problems and believes that problems with construction have resulted in the system being too costly to operate. In order to resolve the matter with the Bureau of Reclamation, the district initiated a full scale engineering review of the system. The results of this study were presented to the bureau and the district without a resolution.

The contract gives the bureau the right to withhold water from the district after 12 months of non-payment. In addition, the contract allows for interest to be charged on delinquent payments.

We recommend that the district continue working to resolve the dispute with the Bureau of Reclamation as soon as practicable.